

April 4, 2001

Nancy Goetschius  
Health Care Financing Administration  
Office of State Health Reform Demonstrations  
7500 Security Blvd., S2-01-16  
Baltimore, MD 21244-1850

Dear **Ms.** Goetschius:

Effective July 1, 2001 the monthly premium for the child/children of a family of **two** or more with income above 225 and below 300 percent of federal poverty level will **increase** from **\$80** to a range of \$83 to \$218. The range will be **based** on family size and three **stair** steps of poverty. The determination of the premium amount would **be** made through the following method:

- 1<sup>st</sup> Determine which step the **family's** monthly income falls in,
  - a. greater than 225 or **equal to 250 percent** of federal poverty;
  - b. greater than 250 or **equal to 275 percent** of federal poverty; or
  - c. greater than 275 but less than 300 percent of federal poverty.
- 2<sup>nd</sup> Multiple the lowest **income in the step (1a, 1b, or 1c) in which the** family's income falls for that family size by five percent to calculate the maximum cost sharing (i.e. **a family of two at 230 percent will** have a lower maximum cost sharing limit than a family of three at 230 percent).
- 3<sup>rd</sup> **After calculating the family's five percent cost sharing limit, subtract** from the limit the average co-payments historically made, which currently total \$25 per month.
- 4<sup>th</sup> If the number calculated in step 3 is below **\$218** per month, the family's premium shall **be equal to the** step 3 number- If the remainder from step 3 is **above \$218**, the premium will be set at \$218 per family per month (i.e., in the example used in the 2<sup>nd</sup> step, the family of **two** at 230 percent would have a premium of **\$83**. The family of **three** at 230 percent would pay **\$112**. Families at 230

percent with seven or more children would **pay \$218.}**.

This premium change is mandated by Section 208.640, RSMo. The statute requires parents and guardians of uninsured children with family incomes between 226 and 300 percent of the federal poverty level to pay co-payments equal to the average co-payments required in the current Missouri Consolidated Health Care Plan. The statute further mandates a monthly premium equal to the statewide weighted average **child/** children premium required by the Missouri Consolidated Health Care **Plan**. The total aggregate **cost** sharing shall not exceed five percent **of the family's income**. No co-payments **or other cost** sharing is permitted with respect to benefits for well-baby care, including age appropriate immunizations.

This premium change **will** not impact budget neutrality nor **will** it diminish the state's commitment that **total** aggregate **cost** sharing shall **not exceed five** percent of the family's available income for a twelve month period. This amendment is necessary to **allow** over 3,500 children to continue **receiving** health care coverage under Missouri's MC+ for Kids **program**.

**If you have** any questions, please do not **hesitate to** contact **Pam Victor of my** staff at 573/751-6926.

Sincerely,

**Gregory A. Vadner**  
Director

GAV/tsf

cc: Pam Victor

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